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\*OGC Has Reviewed\*

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(Final Settlement Proposal)

Gentlemen:

Receipt of your letter dated August 11, 1952, as well as the attachments (all of the same date) are acknowledged. The contractors proposal has received my careful consideration and my determinations are as follows:

1. Even though there is a variance in the total amount of \$1148.72 in the auditors adjusted report, released 26 April 1951, and those reflected in contractors statement titled "Summary of Costs Claimed by [REDACTED] \*\*\*" under the heading "Costs Allowed by Audit Report as Adjusted 1/26/51" my conclusion is that this amount will be allowed when properly explained and/or supported. As you are aware this amount (\$1148.72) was billed as services rendered during the period 23 through 26 January 1951 and is made up of shipping charges in the amount of \$135.72 and a travel item in the amount of \$13.00. The required details regarding these items have not been supplied and should be furnished in support of the records. Evidence of payment is necessary to support the three invoices billed to contractor by Lyon Van & Storage in the aggregate amount of \$135.72. A concise statement explaining how the travel [REDACTED] on January 23, 1951 contributed to the subject contract should be supplied. Additional evidence that payment was accomplished to [REDACTED] is required.

2. The overhead adjustment in the amount of \$286.12 as well as the Fixed Fee claimed in the amount of \$20.03, or a total of \$306.15 will be acceptable to the undersigned in light of the explanations furnished when the data enumerated in this communication have been furnished.

3. In connection with the matter of Guard Salaries discussed in the last paragraph of letter dated August 11, 1952 it is my considered opinion that the accountant was as generous as sound cost accounting principles would permit in allowing complete reimbursement for the salaries paid to the individuals by [REDACTED]. These individuals made no direct contribution in the actual manufacturing of the end product. Under such circumstances their salary correctly should have been included in the overhead pool and distributed to all

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work performed in the manufacturing establishment during the accounting period(s) involved. [REDACTED] certainly should have received advantages in soliciting business by advertising a plant guard as being on duty at all times. Also insurance rates should have been reduced under this condition and all business in the establishment must have shared in the obvious advantages. My conclusion with respect to the item of Guard Salaries is that it may not be approved as direct salaries and wages under the contract.

25X1A

4. The determination made in paragraph designated no. 3, was discussed [REDACTED] in view of his letter dated 27 September 1951, which was written under the misunderstanding that the accountant had eliminated from the overhead pool the salaries of certain individuals servicing the Guards, as you are fully aware this situation did not exist.

5. The net result of the decisions outlined above showing the refund amount due the Government and the manner of arriving at said amount follows:

Amount Paid Under Contract RD-1		\$93,572.14
Cost Allowed Per Audit Report as Adjusted		
	4-26-51	\$90,309.35
Final Shipping Charges (see Paragraph No.1)		135.72
Travel ( " " " 1)		13.00
Overhead & Fixed Fee		
Adjustment ( " " " 1&2)		306.15
Locker Purchase (see Contractors letter		
8/21/52 - see Contracting Officers letter		
10/2/51)	( 5.00)	<u>90,759.22</u>
Amount Due Government (subject to support		
Paragraph 1&2)		<u>\$ 2,812.92</u>

In conclusion it seems appropriate to advise that the amount mentioned above as due to the Government (\$2,812.92), even though not entirely the fault of the contractor has been outstanding in excess of two years. The interest rate on the amount involved gives me considerable concern and in view thereof it is kindly requested that the contractor, refund check, drawn in favor of [REDACTED] be directed to my attention within 30 days.

Very truly yours,

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Contracting Officer

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